

1. Barter involves trading goods and services for other goods and services. Describe three problems with using barter as a form of exchange.

- i)
- ii)
- iii)

2. List four functions money must be able to perform.

- i)
- ii)
- iii)
- iv)

3. Which of the following terms best describe the money supply in a modern economy?

TOKEN MONEY

NOTES AND COINS

COMMODITY MONEY

BANK DEPOSITS

STOCKS AND SHARES

NEAR MONEY

CHEQUES

4. Which of the following describe (i) the functions of a commercial bank and (ii) the functions of a central bank?

		Commercial bank	Central bank
1 Lender of the last resort	7 Setting interest rates and controlling the money supply		
2 Making personal and commercial loans	8 Exchanging foreign currencies		
3 Accepting and holding the deposits of individuals and businesses	9 Offering financial advice and tax-planning services		
4 Managing the public debt	10 Helping customers make and receive payments		
5 Supervising and regulating banks	11 Holding the accounts of banking groups and transferring funds between them		
6 Managing the nation's gold and foreign currency reserves	12 Issuing notes and coins		

5. List four ways a large joint stock company could raise finance to expand its business.

- i)
- ii)
- iii)
- iv)

6. Explain the following statements.

'Banks are financial intermediaries'

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'The interest rate is the price of money'

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'The sale of shares in a company raises permanent capital'

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'New and second-hand government stocks and company shares are bought and sold on the stock market'

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